

VOLUNTARY DISCLOSURE PROGRAM

The District of Columbia Office of Tax and Revenue (OTR) encourages businesses and individuals that are not in compliance with District tax laws to come forward voluntarily to bring their accounts into compliance. If a taxpayer has failed to pay District taxes, or has underreported income or transactions on which taxes should be paid, the taxpayer may contact OTR to make satisfactory arrangements to clear their tax record.

Voluntary disclosure offers may be submitted anonymously or under the taxpayer's identity. OTR will waive civil penalties if the tax and interest is paid in full.

If a taxpayer has been contacted by OTR or its representatives, Multistate Tax Commission, or MBIA MuniServices, the taxpayer is not eligible for the voluntary disclosure program.

The Audit Division of OTR's Compliance Administration administers the Voluntary Disclosure Program.

A voluntary disclosure offer may be submitted to any tax auditor at OTR, but approval authority is vested in the Supervisory Tax Auditor, Review and Conference, the Audit Division Chief, or the Assistant Audit Division Chief.

Voluntary disclosure offers should be submitted to the following address:

Office of Tax and Revenue
Att'n: Voluntary Disclosure
PO Box 96381
Washington, D.C. 20090-6381
Fax: (202) 442-6882

Audit Division Chief
(202) 442-6621

Review and Conference
Supervisory Tax Auditor
(202) 442-6834

OTR's position on voluntary disclosure agreements is determined by the facts and circumstances in each separate disclosure. The following are general guidelines for any voluntary disclosure applicant:

- ✓ Any taxpayer can apply to remedy any tax obligation under voluntary disclosure except for tax liability under the authority of the Real Property Tax Administration.
- ✓ In most cases, OTR will agree to limit the look-back period to the lesser of three years or the date when the taxpayer established nexus in the District of Columbia. In egregious situations, however, OTR may require a five-year look-back period.
- ✓ For sales or gross receipts tax cases, if the taxpayer collected sales tax or reimbursement for gross receipts tax from their customers, but did not remit the tax to the District of Columbia, the look-back period imposed will be the greater of five years or the date nexus was established in the District of Columbia.
- ✓ If the tax liability in certain cases is a substantial amount, OTR may agree to establish a payment agreement if an adequate amount is paid up-front. However, if the taxpayer fails to make any scheduled payments in a timely manner, the agreement could be considered as null and void. OTR reserves the right to assess additional penalty and interest on the remaining balance of tax due at that time.
- ✓ For nonprofit organizations that already have their tax-exempt status approved by OTR, voluntary disclosure may be used to cover unreported Unrelated Business Income (UBI) from prior years. The UBI reported to the District of Columbia should be the same as the UBI reported or required to be reported to the U.S. Internal Revenue Service. Corporations report UBI to the District of Columbia using Form D-20; all others use Form D-30.
- ✓ If a nonprofit does not already have their tax-exempt status approved by OTR, they must file Form FR-164, Application for Exemption, and report any prior-year UBI. Nonprofits can also use the voluntary disclosure process to report any prior-year taxes (i.e. franchise, personal property, sales, use, arena, etc.) that should have been paid.

Voluntary Disclosure Agreement

_____ (“Taxpayer”) hereby enters this Consent to Settlement and Closing Agreement (“Agreement”) with the Office of Tax and Revenue (“OTR”) of the District of Columbia Government and acknowledges liabilities for the taxes indicated below.

In the interest of minimizing both audit, administrative, and litigation expenses and expediting the resolution of the tax liabilities due to the District of Columbia Government, the Taxpayer and the OTR have, as evidenced by this Agreement, entered into settlement of this dispute. The Taxpayer and the OTR agree that:

1. The Taxpayer shall remit to OTR the amount of \$ _____ (tax) and \$ _____ (interest) by _____ in full and final settlement and discharge of the _____ tax liabilities for the periods beginning _____ through and including _____ and prior periods.
2. In consideration of the payment under section 1, OTR will not assess any penalties on the Taxpayer relating to the periods covered by section 1 of this Agreement.
3. This settlement was agreed to as a result of the Taxpayer’s voluntary effort for compliance in coming forward with this information.
4. The Taxpayer verifies that it is not currently under any audit, collection, or criminal investigation by the OTR and that the Taxpayer has never been contacted by the OTR or its representatives i. e. Multistate Tax Commission, MBIA MuniServices, in regard to the periods covered by this Agreement.
5. Should it be discovered that any of the facts or statements are misrepresented by the Taxpayer or his representative, the Agreement may be considered as null and void, and the OTR will have the right to audit any and all tax periods and tax types included in this Agreement and attachments.
6. If an installment/payment agreement is entered into under this Agreement, and the Taxpayer fails to make any scheduled payment timely, this Agreement is considered null and void, and the OTR reserves the right to assess penalty and interest on the remaining balance of tax due.
7. With regard to adjustments to tax resulting from changes or corrections in Federal taxable income that are finally determined by the Internal Revenue Service, nothing in this Agreement shall limit (1) any credit or refund due the Taxpayer based upon said change or correction, or (2) the issuance of an assessment notice by the OTR based upon said change or correction.
8. This Agreement does not in any way determine or affect whether or not the Taxpayer(s) is subject to criminal liability for his or her conduct. Generally, Voluntary Disclosure, under the terms expressed in the Voluntary Disclosure procedures, is a factor taken into consideration when the OTR decides upon forwarding a case for criminal prosecution.
9. This Agreement is strictly confidential between the OTR, the Taxpayer, and the Taxpayer’s authorized representative and shall not be made known to any other party except taxing jurisdictions with an information exchange agreement.

This Agreement is executed in two (2) counterparts, each of which shall be deemed an original. The signatories represent that they have full power and authority to execute this document on behalf of the parties designated below.

TAXPAYER

By: _____ Date: _____

Title: _____

DISTRICT OF COLUMBIA OFFICE OF TAX AND REVENUE

By: _____ Date: _____

Title: _____